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**Follow-up to the World Summit for Social Development and the twenty-fourth special session of the General Assembly: priority theme: Addressing inequalities and challenges to social inclusion through fiscal, wage and social protection policies**

## Statement submitted by VAAGDHARA, a non-governmental organization in consultative status with the Economic and Social Council*

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31.

* The present statement is issued without formal editing.

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## Statement

### Inequality in India

According to the latest data from Credit Suisse and Oxfam, the richest 10% of Indians own 80% of the country's wealth. At the other end, the poorer half jostles for a mere 4.1% of national wealth. Even more strikingly, during the period of India's rapid economic growth, the rich have been the greatest beneficiaries. Between 2000 and 2016, the share of India's richest 1% increased from 36.8% over 50%. This trend is going in the upward direction, which means rich are getting richer at a much faster rate than the poor. Despite being among the richest countries in the world, India has attracted negative attention in recent years as the second most unequal country in the world after Russia, as per the Credit Suisse's Global Wealth Report, 2016.

Inequality in India is multi-dimensional: There are inequalities in wealth, income and consumption, as well as structural inequalities of opportunity, region and social groups. The rising income inequality has developmental implications — leading to a slower poverty reduction and undermining the sustainability of economic growth. Inequality in India is not only visible but is also on the rising trend. However, the trend of rising inequality has received far less attention in the Indian context, despite a clear rising trend since 1991. The growing income inequality in India has negatively impacted poor citizens' access to education and healthcare. It makes it difficult for the poor to climb up the economic ladder and increases their risk of being victims to poverty trap. People living at the bottom 10% are characterized by low wages; long working hours; lack of basic services such as first aid, drinking water and sanitation. The billionaire boom is not a sign of a thriving economy but a symptom of a failing economic system. Those working hard, growing food for the country, building infrastructure, working in factories are struggling to fund their child's education, buy medicines for family members and manage two meals a day. The growing divide undermines democracy and promotes corruption and cronyism.

### Nature and Causes of Inequality

It would be biased to describe India's Inequality in just financial terms while it has many more aspects to be looked upon. For example, there is a stark difference in the quality of education in private versus government schools and rural versus urban schools. While only 31% children in urban India attend Government schools at Primary level, 72% of their rural counterparts have no option but to attend Government schools because of their parents' inability to pay for the fee. Given that the poor quality of education in government schools — which account for 80% of the total school infrastructure in the country — is an undeniable fact, graduates of these schools are victims of a systemic failure and are set to fail the race with children in private schools. Inequalities creep in right there, right in the very beginning.

Similarly, when it comes to the access to public health services, those with the greatest need for health care — the poor — have the greatest difficulty in accessing timely and quality health care. Out of pocket health expenditures are believed to cause pushing around 39 million Indians into poverty each year (NCBI, USA), further accentuating the financial — and as a result of it other social — inequalities in the country.

Inequalities in terms of gender are fierce too. Despite educational gains, the labor force participation rate for women in India (% of female population ages 15+) in 2017 was a mere 27.21% as opposed to 78.84% for men (modeled ILO estimates). Gender-based violence remains unacceptably high and there are scores of other aspects of life where women are in a disadvantaged situation simply because of their being 'Women'.

In conclusion, it won't be unfair to say that inequalities in opportunities right from one's childhood set the floor for much intense and articulated wide-scale and multi-faceted inequalities later in their lives. Thus, the country is in a sort of vicious cycle of 'inequalities' where poor and already disadvantaged continue to find it difficult to break this cycle.

**Addressing inequalities**

One has to acknowledge that the government has taken several landmark steps to promote equality in India. But still there is a long way to go to achieve equity. The recent schemes launch by the government in order to address inequality can be seen through these examples. For example, around 22 crore people were linked to the mainstream financial system by opening bank accounts under Pradhan Mantri Jan Dhan Yojna, which is critical to improving their access to credit and ensuring transparency in delivering direct cash transfers.

Similarly, the recent announcement of a flagship National Health Protection Scheme under which Rs 5 lakh cover will be provided a year to 10 crore poor and vulnerable families in the country. This scheme is one of the world's largest government funded healthcare programme and is hopeful to take health care protection to a new aspiration level in India.

Therefore, the government should focus its efforts to achieve equity while addressing the inequality in the country. The continued rise of economic inequality in India — and around the world — is not inevitable. It is the result of policy choices. Governments can reduce inequality by rejecting market fundamentalism, opposing the special interests of powerful elites, and changing the rules and systems that have led to where we are today. They need to implement reforms that redistribute money and power and level the playing field. Following are some of the areas which, if considered could boost equality:

- The government should promote Farming practices that are eco-friendly, and sustainable in nature, acknowledge the traditional knowledge and wisdom, aim at curbing/totally ceasing the use of chemical fertilizers, and promote soil conservation.
- Agriculture holds the key to push millions out of poverty by creating fair work opportunities. The agriculture policies should focus on providing maximum benefits to the small and marginal farmers who are the actual producers of the food in the country and devoted their lives to the production of food. The sector can be strengthened, inter alia, by guaranteeing "Fair Support Prices" and not "Minimum Support Prices" for crops, ensuring easy credit availability for farmers and focusing on climate smart and climate resilient agriculture practices.
- There is a need to increase the labour force participation of women by creating more formalized work roles and improving the workplace conditions.
- Increased Social spending, on public services such as education, health and social protection, is also important. Evidence from more than 150 countries — rich and poor, and spanning over 30 years — shows that overall, investment in public services and social protection can tackle inequality.
- The government should promote inclusive growth by encouraging labour-intensive sectors that will create more jobs, imposing higher tax on the super-rich, implementing policies to tackle all forms of gender discrimination and sealing the "leaking wealth bucket" by taking stringent measures against tax evasion.

However, these well-intentioned policies need to cross the notorious "bureaucratic implementation hurdles" to yield results and make a dent in the large looming inequality in the country. India — along with all the other countries in the world — has committed to attaining the Sustainable Development Goals by 2030, and to ending extreme poverty by that year. But unless we make an effort to first contain and then reduce the rising levels of extreme inequality, the dream of ending extreme poverty for the 300 million Indians — a quarter of the population — who live below an extremely low poverty line, will remain a pipe dream.